

SENATOR SCHMIT: Thank you. Senator Vard, you said that this would cost about \$2 million annually. Is that right?

SENATOR V. JOHNSON: Yes, sir.

SENATOR SCHMIT: Well, then how does that reconcile with the statement we read in the press that one individual would have...could expect when he retired a capital gain tax saving of approximately 2.5 million? And are there a specific number of companies which you have identified that might possibly benefit from this particular type of exclusion?

SENATOR V. JOHNSON: Senator Schmit, can I take a couple of minutes and deal with that question?

SENATOR SCHMIT: Yes, please do, I want (interruption).

SENATOR V. JOHNSON: Because I want to address this to the Lincoln Journal. I would like to talk about the kind of mischief that newspaper can cause. They said that Walter Scott, the President of Peter Kiewit, could simply avoid \$2.7 million of Nebraska taxation by virtue of this provision. And Senator Schmit is raising the issue on the floor again. Walter Scott said in the article, don't worry about me, boys, I already took care of it. Now, how do you suppose he'd take care of it? They move their wealth into a trust sited in a different state. This is not even a Walter Scott issue. Walter Scott will not pay \$2.7 million to Nebraska by virtue of the sale of the Peter Kiewit stock because it's already been taken care of. It doesn't make any difference whether this provision passes or doesn't pass for Walter Scott. So we don't factor the 2.7 million bucks in the loss, what we factor into the loss are the smaller people, the non-Walter Scotts, the reporters for the Omaha World-Herald, for example, to whom this provision applies. They have never told you that. This provision applies to the reporters of the Omaha World-Herald who get employee stock. This provision applies to anybody who gets employee stock. That's the small people. They are the ones that will take the greatest advantage of this provision.

SENATOR SCHMIT: Thank you, Senator Johnson. That is about as I understood it because it would appear to me that anyone who had the problem, and I read the comment by Mr. Scott also, in which he responded, with a chuckle. They said that he had taken care of his own problem. Certainly, those individuals who are in a position to accumulate that substantial amount of wealth didn't